

Royal Bank of Scotland Report on Jobs

Near-record increase in permanent placements in January

Scotland Permanent Placements Index



Key findings

Upturn in permanent placements accelerates to near-record pace

Temp billings rise again, but upturn remains modest

Vacancy growth cools further, but remains robust

Scotland's labour market saw a further rise in hiring activity at the start of 2022, according to the latest Royal Bank of Scotland Report on Jobs. That said, there were signs of a shift towards permanent roles, as the rate of increase in permanent staff appointments accelerated to the second-fastest on record, while the latest upturn in temp billings was only mild. Meanwhile, demand for staff remained historically elevated though the rates of vacancy growth cooled from December. Nonetheless, candidate availability deteriorated rapidly again. As a result, there was further upwards pressure on pay. Notably, the rate of permanent starters' salary inflation remained close to November's all-time peak.

Sebastian Burnside, Chief Economist at Royal Bank of Scotland, commented:

"The opening month of 2022 saw some shifting trends across the Scottish labour market. Permanent staff appointments increased at a near-record pace, with the latest upturn outstripping the UK-wide average by a notable margin."

"There was a different story for temporary staff, however, as the rate of increase in temp billings slowed and was only mild, with respondents noting that a number of candidates and firms were favouring permanent roles as confidence around the economic outlook strengthened."

"Meanwhile, rates of vacancy growth cooled slightly, and the supply of staff continued to decline steeply, for temp candidates in particular."

"Overall, the data suggest that the labour market remains on a strong footing as we head further into 2022, and any shift from short-term to permanent positions suggests firms are now more confident in the recovery and are pressing on with hiring plans to meet rising customer demand."

Scotland Permanent Placements Index

sa, >50 = growth since previous month



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About the Scotland Report on Jobs

The Royal Bank of Scotland Report on Jobs is compiled by IHS Markit from responses to questionnaires sent to a panel of around 100 Scottish recruitment and employment consultancies.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then

seasonally adjusted.

The headline figure is the Permanent Placements Index, calculated from responses to the question "Is the number of people placed in permanent jobs higher, the same or lower than one month ago?".

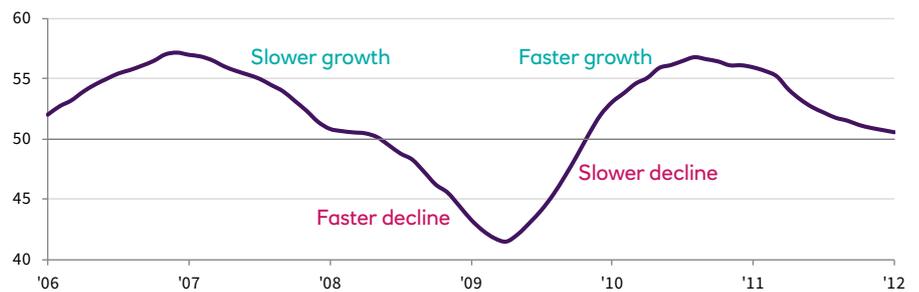
Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

January data were collected 12-25 January 2021.

For further information on the survey methodology, please contact economics@ihsmarkit.com.

Index interpretation

50.0 = no change since previous month



Staff placements

Near-record increase in permanent placements

Recruiters across Scotland recorded a thirteenth successive monthly uplift in permanent placements during January. Panellists attributed the upturn to strong demand for staff and increased activity at Scottish companies. Moreover, the rate of expansion was the second-fastest on record, behind only August 2021, and rapid overall.

Scotland also recorded a quicker rise in permanent staff appointments than on average across the UK as a whole in January.

Slowest increase in temp billings for 17 months in January

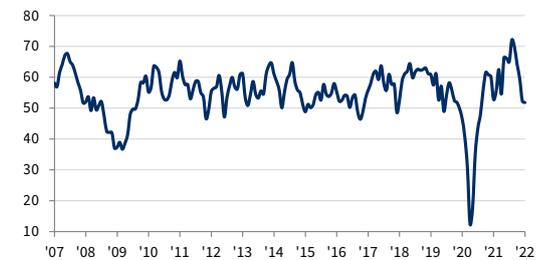
As has been the case in each month since September 2020, temp billings across Scotland rose in January. That said, the rate of increase eased further at the start of the year, with the upturn the weakest since 2016 and only mild overall. According to survey respondents, demand for temp staff was relatively subdued, and some candidates and firms expressed a preference for permanent roles.

Across the UK as a whole, temp billings rose at the quickest rate for four months, with the upturn markedly outpacing that in Scotland.

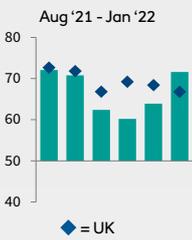
Permanent Placements Index
sa, >50 = growth since previous month
71.6
Jan '22



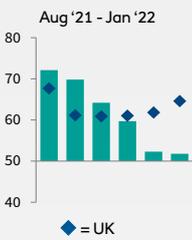
Temporary Billings Index
sa, >50 = growth since previous month
51.8
Jan '22



Permanent Placements Index
Aug '21 - Jan '22



Temporary Billings Index
Aug '21 - Jan '22



Labour supply

Permanent Candidate Availability Index
Aug '21 - Jan '22



Permanent candidate availability declines at weakest pace since last May

The supply of permanent staff across Scotland continued to fall in January, amid reports of strong demand for workers and skills shortages. The rate of decline eased sharply since December and was the slowest for eight months, albeit still marked by historical standards.

The rate of decrease in permanent staff supply in Scotland was also weaker than the UK-wide average in January.

Permanent Candidate Availability Index
sa, >50 = growth since previous month
37.1
Jan '22



Temporary Candidate Availability Index
Aug '21 - Jan '22



Supply of temp staff falls steeply in January

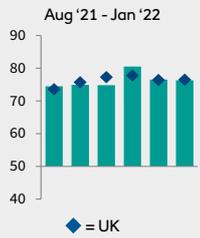
Scottish recruiters signalled a further reduction in temp candidate availability during January, stretching the current sequence of decline to 11 months. IR35 changes, Brexit and COVID-19 were all cited as drivers of the latest fall, while there were also mentions that some candidates were switching to permanent roles due to strong demand. The rate of decline eased slightly on the month, but was nonetheless slightly amongst the steepest on record and quicker than that seen across the UK as a whole.

Temporary Candidate Availability Index
sa, >50 = growth since previous month
31.2
Jan '22



Pay pressures

Permanent Salaries Index



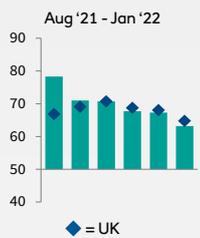
Rate of permanent starters' salary inflation holds close to survey record

January data highlighted a further rise in average salaries awarded to permanent new joiners across Scotland, extending the current sequence of increase to 14 months. Strong demand for staff, coupled with issues finding talent, drove the latest upturn, according to anecdotal evidence. Notably, the rate of salary inflation remained close to November's peak, easing only slightly since December.

Permanent Salaries Index
sa, >50 = inflation since previous month
76.3
Jan '22



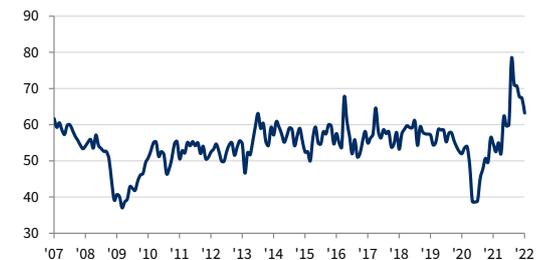
Temporary Wages Index



Temp wages rise at slowest pace since last July

For the fourteenth time in as many months, average hourly pay rates for short-term staff across Scotland rose in January. Panellists attributed the latest increase to strong demand for staff. That said, the rate of increase was the slowest since last July, albeit still marked in the context of historical data.

Temporary Wages Index
sa, >50 = inflation since previous month
63.2
Jan '22



Demand for permanent staff

Permanent vacancy growth cools to nine-month low

The Permanent Vacancies Index is derived from eight sectoral indices of the demand for permanent staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

As has been the case in each month since February 2021, recruiters in Scotland signalled an upturn in demand for permanent staff during January. Although marked and quicker than that recorded for the UK as a whole, the rate of vacancy growth in January was the slowest for nine months.

Across the monitored job categories, IT & Computing saw the steepest rise in vacancies, followed by Accounts & Financial.

Permanent Vacancies Index
sa, >50 = growth since previous month
69.9
Jan '22



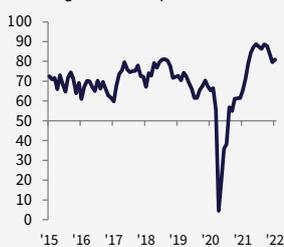
Permanent Vacancies Index by sector

Rank	Sector	Dec-21	Jan-22
1	IT & Computing	79.5	80.9
2	Accounts & Financial	73.1	76.5
3	Nursing/Medical/Care	76.3	76.5
4	Engineering & Construction	72.2	71.9
5	Blue Collar	68.1	66.5
6	Executive & Professional	65.1	63.1
7	Secretarial & Clerical	70.2	63.0
8	Hotel & Catering	55.3	53.3

Permanent vacancies by sector

IT & Computing

sa, >50 = growth since previous month



Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



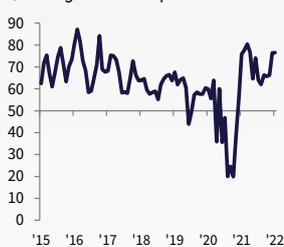
Secretarial & Clerical

sa, >50 = growth since previous month



Nursing, Medical & Care

sa, >50 = growth since previous month



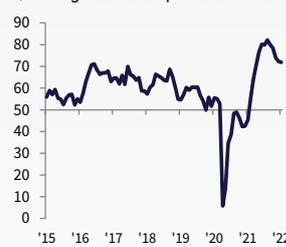
Hotel & Catering

sa, >50 = growth since previous month



Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Demand for temporary staff

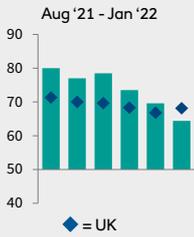
Demand for temp staff rises at weakest rate since last March

The Temporary Vacancies Index is derived from eight sectoral indices of the demand for temporary staff at recruitment consultancies. The Index is a weighted average of the eight individual sector indices.

January data highlighted a further rise in the number of temporary vacancies across Scotland, extending the current sequence of increase to 16 months. The rate of growth cooled further at the start of the year, however, with the latest upturn the weakest since last March, albeit still sharp by historical standards.

The IT & Computing sector registered the fastest rise in vacancies of the eight monitored sectors in January.

Temporary Vacancies Index
Aug '21 - Jan '22



Temporary Vacancies Index
sa, >50 = growth since previous month

64.4
Jan '22



Temporary Vacancies Index by sector

Rank	Sector	Dec-21	Jan-22
1	IT & Computing	70.6	74.2
2	Accounts & Financial	67.1	68.6
3	Blue Collar	83.4	68.2
4	Nursing/Medical/Care	66.5	67.9
5	Hotel & Catering	62.5	64.6
6	Engineering & Construction	60.5	59.7
7	Secretarial & Clerical	70.1	57.7
8	Executive & Professional	56.7	55.9

Temporary vacancies by sector

IT & Computing

sa, >50 = growth since previous month



Executive & Professional

sa, >50 = growth since previous month



Accounting & Financial

sa, >50 = growth since previous month



Secretarial & Clerical

sa, >50 = growth since previous month



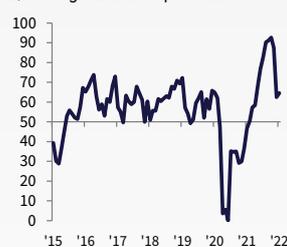
Nursing, Medical & Care

sa, >50 = growth since previous month



Hotel & Catering

sa, >50 = growth since previous month



Engineering & Construction

sa, >50 = growth since previous month



Blue Collar

sa, >50 = growth since previous month



Index summary

Scotland

sa, 50 = no change over previous month

	Permanent Placements	Temporary Placements	Permanent Availability	Temporary Availability	Permanent Salaries	Temporary Wages	Permanent Vacancies	Temporary Vacancies
Aug '21	72.1	72.1	26.7	24.7	74.5	78.3	76.8	80.0
Sep '21	70.8	69.8	26.3	31.5	74.9	71.0	75.2	77.0
Oct '21	62.4	64.2	25.7	31.1	74.8	70.7	75.5	78.5
Nov '21	60.2	59.7	24.6	39.8	80.5	67.7	73.5	73.5
Dec '21	63.9	52.3	30.0	30.8	76.5	67.3	71.2	69.6
Jan '22	71.6	51.8	37.1	31.2	76.3	63.2	69.9	64.4

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About Royal Bank of Scotland

Royal Bank of Scotland has paved the way in banking ever since it was established in 1727. From the world's first overdraft, and the first house purchase loan by a UK bank, to the first fully-fledged internet banking service and mobile banking app the bank has a history of making life easier for its customers.

The bank has commitment to retain its close connections with the Scottish communities it serves.

About REC

The REC is the voice of the recruitment industry, speaking up for great recruiters. We drive standards and empower recruitment businesses to build better futures for their candidates and themselves. We are champions of an industry which is fundamental to the strength of the UK economy. Find out more about the Recruitment & Employment Confederation at www.rec.uk.com.

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